

## Message Text

CONFIDENTIAL

PAGE 01 MONTEV 01961 161358Z

44

ACTION ARA-20

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FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 6946

INFO AMEMBASSY BRASILIA

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C O N F I D E N T I A L MONTEVIDEO 1961

E.O. 11652: GDS

TAGS: PGOV, PINT, ECON, UY

SUBJ: NEW CABINET APPOINTMENTS

REF: A) MVD QIQE; B) MVD 1870

1. SUMMARY: ON JULY 12 PRESIDENT BORDABERRY MADE SEVERAL CABINET-LEVEL APPOINTMENTS INCLUDING THAT OF ING. ALEJANDRO VEGH VILLEGAS AS MINISTER OF ECONOMY AND FINANCE. REACTIONS TO THESE APPOINTMENTS HAVE BEEN GENERALLY FAVORABLE. END SUMMARY.

2. ON JULY 12 THE PRESIDENT APPOINTED ING. ALEJANDRO VEGH VILLEGAS TO THE LONG-VACANT POSIION OF MINISTER OF ECONOMY AND FINANCE. HE SIMULTANEOUSLY MADE SEVERAL OTHER APPOINTMENTS IN LINE WITH THE RECENT CABINET REOGRANIZATION (REFTEL A). DR. JOSE ENRIQUE ETCHEVERRY STIRLING, MINISTER OF INDUSTRY AND ENERGY, WAS MADE MINISTER OF LABOR AND SOCIAL SECURITY, REPLACING DR. MARCIAL BUGALLO. VEGH VILLEGAS WILL SERVE ALSO AS ACTING MINISTER OF INDUSTRY AND ENERGY UNTIL THAT POSTION IS FILLED. ING. FEDERICO SONEIRA  
CONFIDENTIAL

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PAGE 02 MONTEV 01961 161358Z

WAS APPOINTED TO HEAD THE BRAND-NEW MINISTRY OF HOUSING

AND SOCIAL DEVELOPMENT. ING. JUAN JOSE ANICHINI REPLACED CR. MOISES COHEN AS DIRECTOR OF THE OFFICE OF PLANNING AND BUDGET.

3. THE NEW OCCUPANT OF THE KEY POSITION IN THE GOU ECONOMIC TEAM WAS BORN IN 1928, STUDIED ENGINEERING AT URUGUAY'S UNIVERSITY OF THE REPUBLIC, AND EARNED A PH.D. IN POLITICAL ECONOMICS AT HARVARD. HE HAS TAUGHT ECONOMIC, FINANCIAL AND MATHEMATICAL COURSES HERE AND IN BUENOS AIRES AND HAS WRITTEN MANY ARTICLES ON THOSE SUBJECTS. HE HAS WORKED AS CONSULTANT ON ENERGY PROBLEMS AND OTHER ECONOMIC MATTERS WITH THE BRAZILIAN MINISTRY OF PLANNING UNDER ROBERTO CAMPOS, WITH ARGENTINA'S CHOCON HYDROELECTRIC PROJECT (HIDRONOR), WITH ENEZUELAN FIRMS, ECLA, AND THE IDB. MOST RECENTLY HE WORKED UNDER IBRD AUSPICES AS CONSULTING ENGINEER WITH BOLIVIA'S MINISTRY OF ENERGY AND HYDRO-CARBONS. HE HAS HELD IMPORTANT POSITIONS BEFORE IN THE GOU: AS UNDERSECRETARY OF INDUSTRY AND COMMERCE IN 1967, AND AS DIRECTOR OF PLANNING AND BUDGET IN 1968.

4. THE OTHER NEW APPOINTMENTS APPEAR EQUALLY WELL-QUALIFIED. ETCHEVERRY STIRLING GOES TO HEAD THE MINISTRY WHERE HE WAS UNDERSECRETARY EARLY IN THE BORDABERRY ADMINISTRATION. SOCIRA HAS BEEN DIRECTOR OF THE NATINAL HOUSING BUREAU (DINAVI) AND IS ONE OF THE AUTHORS OF THE NEW RENT-CONTROL LAW. ANICHINI FINALLY HEADS THE OFFICE ICV WHICH HE HAS LONG SERVED AS TECHNICAL DIRECTOR.

5. REACTION TO THESE APPOINTMENTS HAS GENERALLY BEEN VERY FAVORABLE. MOST KNOWLEDGEABLE URUGUAYANS BELIEVE THAT THE ADMINISTRATION HAS BEEN LUCKY, AFTER SO LONG A SEARCH, TO COME UP WITH A MAN OF VEGH VILLEGAS' PROFESSIONAL CREDENTIALS TO HEAD ITS ECONOMIC TEAM. ETCHEVERRY STIRLING, WHO HAS SERVED THIS GOU ALREADY IN SEVERAL HIGH-LEVEL POSTS, IS REGARDED GENERALLY AS AN IMPROVEMENT OVER MINISTER BUGALLO, AND BY LABOR LEADERS AS FRIENDLY TO LABOR. SO FAR WE HAVE HEARD

CONFIDENTIAL

PAGE 03 MONTEV 01961 161358Z

ONLY ONE UNFAVORABLE REACTION TO VEGH VILLEGAS: ACCORDING TO THIS UNCONFIRMED VERSION, VEGH VILLEGAS IS A "POLITICIAN" (BECAUSE HE HAS BEEN IDENTIFIED WITH THE COLORADO PARTY LIST-15 FACTION OF JORGE BATLLE), AND THEREFORE GENERAL RAIMUNDEZ, VICE PRESIDENT OF THE BANK OF THE REPUBLIC (BOR), IS ALLEGED TO HAVE INSTRUCTED HIS BOR SUBORDINATES NOT TO COOPERATE WITH HIM.

6. EMBASSY COMMENT: WITH THESE APPOINTMENTS THE GOU HAS MOVED A LONG WAY TOWARD FORMING A NEW ECONOMIC TEAM, THOUGH SEVERAL VACANCIES REMAIN TO BE FILLED (MINISTER OF INDUSTRY AND ENERGY, PERHAPS THE MINISTER OF AGRICULTURE AND FISHING, AND SOME UNDERSECRETARY SLOTS). THE NEW APPOINTMENTS MADE LOOK PROMISING ON THEIR MERITS AS WELL AS BECAUSE THEY HAVE BEEN GENERALLY WELL-RECEIVED. THIS IS PARTICULARLY TRUE OF THE REPLACEMENT IN THE GAP LEFT BY THE RESIGNATION OF THE PREVIOUS MINISTER OF ECONOMY AND FINANCE FIVE- AND A HALF MONTHS AGO. THE REPORTED ANTIPATHY OF GENERAL RAIMUNDEZ IS POTENTIALLY DISTURBING IF TRUE. NON-COOPERATION BY THE BOR IS NEITHER NOVEL NOR CRUCIAL, BUT IF THERE IS GENERAL ANIMOSITY AMONG THE MILITARY TOWARD VEGH VILLEGAS AS A "POLITICIAN", HE WILL HAVE AN EXTRA HARD ROW TO HOE. WE HOPE HE WILL BE GIVEN SUFFICIENT AUTHORITY AND GENERAL COOPERATION TO ENABLE HIM TO MAKE LONG-DELAYED DECISIONS AND RESUME URUGUAYAN MOVEMENT IN THE DIRECTIONS (AS HE HAS SAID) OF BORDABERRY'S INAUGURAL SPEECH OF 1972, THE FIVE-YEAR DEVELOPMENT PLAN APPROVED IN APRIL 1973, AND THE SAN MIGUEL MEETING OF AUGUST 1973.

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